

HOUSE FLOOR AMENDMENT EXPLANATION



Bill Number: **HB 2640**

Gress Floor Amendment

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1. Grants a charter authorizer that is leasing a building from a school district or that is the most recent lessee of a vacant building owned by a school district the right of first refusal to purchase the building if the school district decides to sell the building.
 2. Exempts the proceeds from the sales of school property by a school district to charter authorizers from statutory restrictions relating to the disposition of proceeds from the sale or lease of school property.

Amendment explanation prepared by C. Houser

Phone Number x3213

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2/25/2025

GRESS FLOOR AMENDMENT
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2640
(Reference to EDUCATION Committee amendment)

Amendment instruction key:

[GREEN UPPERCASE UNDERLINING IN BRACKETS] indicates that the amendment is adding text to statute

or previously enacted session law.

[Green lowercase underlining in brackets] indicates that the amendment is adding text to new session law or is restoring previously stricken text to existing statute.

~~[GREEN UPPERCASE STRIKEOUT IN BRACKETS]~~ indicates that the amendment is removing new text from statute or previously enacted session law.

~~[Green lowercase strikeout in brackets]~~ indicates that the amendment is removing text from existing statute, previously enacted session law or new session law.

<<Double green carets enclosing an entire section>> indicates that the amendment is adding the section to the bill.

~~<<Green strikeout with double green carets enclosing an entire section>>~~ indicates that the amendment is removing the section to the bill.

{{ORANGE UPPERCASE UNDERLINING IN DOUBLE CURLY BRACKETS}} indicates that the amendment to an amendment is adding text to statute or previously enacted session law.

{{Orange lowercase underlining in double curly brackets}} indicates that the amendment to an amendment is adding text to new session law or is restoring previously stricken text to existing statute.

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>>Double orange underlined carets enclosing an entire section>> indicate that the amendment to an amendment is adding the section to the bill.

~~>>Orange strikeout with double orange underlined carets enclosing an entire section>>~~ indicates that the amendment to an amendment is removing the section from the bill.

1 The bill as proposed to be amended is reprinted as follows:

2 Section 1. Section 15-119, Arizona Revised Statutes, is amended to
3 read:

4 15-119. Vacant and partially used buildings: list: sale or
5 lease; lease termination and renewal; equipment;
6 definitions

7 A. The division of school facilities within the department of
8 administration shall annually publish a list of vacant buildings and
9 partially used buildings that are owned by this state or by school
10 districts in this state and that may be suitable for the operation of a
11 school. The division of school facilities shall make the list publicly
12 available on the website of the division of school facilities and on
13 request to applicants for charter schools, to applicants applying to the
14 division of school facilities for additional space and to existing
15 district and charter schools. The list shall include the address of each
16 building, a short description of the building, the name of the owner of

1 the building and any other pertinent information related to the vacancy
2 and capacity of the building. The division of school facilities shall
3 annually submit the list to the governor, the president of the senate and
4 the speaker of the house of representatives and provide a copy of the list
5 to the secretary of state and the state board for charter schools.

6 B. If a school district decides to sell or lease a vacant building
7 or partially used building, the school district may not prohibit a charter
8 school or a private school from negotiating to buy or lease the property
9 in the same manner as other potential buyers or lessees. [A CHARTER
10 SCHOOL {{OR ITS CHARTER AUTHORIZER}} THAT IS LEASING A BUILDING FROM A
11 SCHOOL DISTRICT OR THAT IS THE MOST RECENT LESSEE OF A VACANT BUILDING
12 THAT IS OWNED BY A SCHOOL DISTRICT HAS THE RIGHT OF FIRST REFUSAL TO
13 PURCHASE THE BUILDING IF THE SCHOOL DISTRICT DECIDES TO SELL THE
14 BUILDING.] A school district may not accept an offer for the sale or
15 lease of the vacant building or partially used building from a potential
16 buyer or lessee that is less than an offer from a charter school or
17 private school. This section does not require the owner of a building on
18 the list to sell or lease the building or a portion of the building to a
19 charter school, to any other school or to any other prospective buyer or
20 tenant, except that the owner of a building on the list may not withdraw
21 the property from sale or lease solely because a charter school or private
22 school is the highest bidder [OR EXERCISES ITS RIGHT OF FIRST REFUSAL
23 PURSUANT TO THIS SUBSECTION].

24 C. At the conclusion of a lease for an existing tenant that is a
25 public school OR PRIVATE SCHOOL or that ~~is providing~~ PROVIDES services to
26 public school students, the lease may be terminated, renewed according to
27 the terms of the existing agreement, or renewed with a negotiated
28 increase, ~~—~~ EXCEPT THAT:

29 1. IF THE BUILDING OWNER INTENDS TO NEGOTIATE AN INCREASE, the
30 building owner must provide the rationale for a proposed increase to the
31 lessee, which may include considerations for the percentage of revenue
32 that should be dedicated to educational facilities, inflators related to
33 student enrollment increases or the annual GDP price deflator as defined
34 in section 41-563, or expenses for building and parking lot maintenance
35 and upgrades.

36 2. A SCHOOL DISTRICT, AS THE BUILDING OWNER, MAY TERMINATE THE
37 LEASE OR REFUSE TO RENEW THE LEASE ONLY IF THE SCHOOL DISTRICT GOVERNING
38 BOARD DOES ALL OF THE FOLLOWING:

39 (a) ANNOUNCES IN A PUBLIC HEARING THAT THE BOARD PROPOSES TO REFUSE
40 TO RENEW OR TO TERMINATE THE LEASE.

41 (b) PROVIDES AN OPPORTUNITY FOR PUBLIC COMMENT REGARDING THE
42 PROPOSAL THAT IS ANNOUNCED PURSUANT TO SUBDIVISION (a) OF THIS PARAGRAPH
43 FOR AT LEAST NINETY DAYS AFTER THE DATE OF THE ANNOUNCEMENT AND BEFORE THE
44 BOARD MAY VOTE ON THE PROPOSAL. PUBLIC COMMENT MAY INCLUDE WRITTEN
45 COMMENTS, COMMENTS SUBMITTED THROUGH EMAIL OR ORAL COMMENTS DURING PUBLIC
46 HEARINGS REQUIRED PURSUANT TO THIS PARAGRAPH.

1 (c) REVIEWS AND CONSIDERS ANY PUBLIC COMMENTS SUBMITTED PURSUANT TO
2 SUBDIVISION (b) OF THIS PARAGRAPH BEFORE APPROVING THE NONRENEWAL OR
3 TERMINATION OF THE LEASE.

4 (d) APPROVES THE PROPOSAL TO REFUSE TO RENEW OR TO TERMINATE THE
5 LEASE IN A PUBLIC HEARING BEFORE THE DATE OF THE PROPOSED TERMINATION OR
6 THE DATE ON WHICH THE LEASE IS SCHEDULED TO EXPIRE.

7 ~~E.~~ D. A school district may sell used equipment to a charter
8 school or private school before the school district attempts to sell or
9 dispose of the equipment by other means.

10 ~~E.~~ E. Buildings that are used for career and technical education,
11 special education services, ~~OR~~ OR preschool programs, schools that have been
12 open for fewer than five years or magnet schools are not considered
13 partially used buildings for the purposes of this section, except that
14 this exemption may not be applied to more than twenty-five percent of a
15 district's school buildings.

16 ~~E.~~ F. For the purposes of this section:

17 1. "Partially used building" means a building with at least four
18 thousand five hundred square feet of contiguous, unused space.

19 2. "Vacant building" means a building that has been vacant and
20 unused for at least two years.

21 <<Sec. 2. Section 15-1102, Arizona Revised Statutes, is amended to
22 read:

23 15-1102. Disposition of proceeds from sale or lease of school
24 property; school plant monies; payment of bonded
25 indebtedness; definition

26 A. The governing board, or the superintendent or chief
27 administrative officer with the approval of the governing board, may
28 expend the proceeds from the sale or lease of school property for the
29 payment of any outstanding bonded indebtedness of the school district or
30 for the reduction of school district taxes.

31 B. A common school district or a high school district that has an
32 outstanding bonded indebtedness of seven percent of the current year's
33 assessed valuation or less or a unified school district that has an
34 outstanding bonded indebtedness of fourteen percent of the current year's
35 assessed valuation or less may expend the proceeds from the sale or lease
36 of school property as follows:

37 1. The total sum of the proceeds from the sale of school property
38 executed before July 1, 2016~~[, for the total sum of the proceeds from the~~
39 ~~sale of property to a school]~~ or the total sum of the proceeds from the
40 lease of school property to persons or entities other than schools for
41 more than one year:

42 (a) May be expended for maintenance and operation in an amount that
43 does not exceed fifteen percent of the revenue control limit for that year
44 as provided in section 15-947, subsection A in any year.

45 (b) May be expended for capital outlay in any amount.

46 2. From and after June 30, 2016, proceeds from the sale of school
47 property that exceed ~~[one hundred thousand dollars]~~ [\$100,000] per sales

1 transaction to persons or entities other than schools may not be expended
2 for maintenance and operation and may be expended for capital outlay in
3 any amount.

4 C. A common school district or a high school district that has an
5 outstanding bonded indebtedness of greater than seven percent of the
6 current year's assessed valuation or a unified school district that has an
7 outstanding bonded indebtedness of greater than fourteen percent of the
8 current year's assessed valuation may expend the proceeds from the lease
9 or sale of school property as follows:

10 1. For the total sum of the proceeds from the sale of school
11 property executed before July 1, 2016~~[, for the total sum of the proceeds~~
12 ~~from the sale of property to a school]~~ or for the total sum of the
13 proceeds from the lease of school property to persons or entities other
14 than schools for more than one year:

15 (a) Up to twenty-five percent of the sales proceeds may be expended
16 for maintenance and operation in an amount that does not exceed fifteen
17 percent of the revenue control limit for that year as provided in section
18 15-947, subsection A in any year.

19 (b) The sales or lease proceeds may be expended for capital outlay
20 in any amount.

21 2. From and after June 30, 2016, for proceeds from the sale of
22 school property that exceed ~~[one hundred thousand dollars]~~ ~~[\$100,000]~~ per
23 sales transaction to persons or entities other than schools:

24 (a) The sales proceeds may not be expended for maintenance and
25 operation.

26 (b) At least thirty-eight percent of the sales proceeds shall be
27 used for the payment of any outstanding bonded indebtedness of the school
28 district or for the reduction of school district taxes.

29 (c) The remainder of the sales proceeds that are not obligated
30 pursuant to subdivision (b) of this paragraph may be expended for capital
31 outlay in any amount.

32 D. The governing board, or the superintendent or chief
33 administrative officer with the approval of the governing board, shall
34 promptly deposit monies received for and derived from the sale or lease of
35 school property with the county treasurer who shall establish a school
36 plant fund. Monies placed to the credit of the school plant fund may be
37 expended as provided in this section. The school plant fund is a
38 continuing fund that is not subject to reversion.

39 E. Proceeds from sales by condemnation or sales under threat of
40 condemnation may be deposited with the county treasurer for deposit in the
41 condemnation fund or the school plant fund of the school district. The
42 condemnation fund is a continuing fund that is not subject to reversion,
43 except that after ten years any unspent monies shall be placed in the
44 school plant fund to be used as prescribed in this section. The governing
45 board, or the superintendent or chief administrative officer with the
46 approval of the governing board, may apply the proceeds in the
47 condemnation fund to:

1 1. ~~[The payment of]~~ [PAY] any outstanding bonded indebtedness of
2 the school district that is payable from the levy of taxes on property
3 within the school district.

4 2. Construct, acquire, improve, repair or furnish school facilities
5 or sites after notice and a hearing.

6 F. Proceeds from a right-of-way settlement shall be deposited with
7 the county treasurer for deposit in the condemnation fund of the school
8 district. The governing board, or the superintendent or chief
9 administrative officer with the approval of the governing board, shall
10 apply those proceeds in the condemnation fund to construct, acquire,
11 improve, repair or furnish school facilities or sites after notice and a
12 hearing.

13 G. The restrictions prescribed in subsections B and C of this
14 section do not apply to the proceeds from:

15 1. Leases of school property to other schools.

16 2. Leases of school property for less than one year.

17 3. Sales of school property of less than one hundred thousand
18 dollars per transaction.

19 [4. SALES OF SCHOOL PROPERTY TO OTHER SCHOOLS {[,INCLUDING CHARTER
20 AUTHORIZERS}] .]

21 H. A lease of school property for less than one year that includes
22 an automatic lease renewal resulting in a total lease duration that
23 exceeds one year is considered a lease for more than one year for the
24 purposes of this section.

25 I. For the purposes of this section, "capital outlay" means
26 unrestricted capital outlay as prescribed in section 15-903,
27 subsection C.>>

28 Sec. 3. Retroactivity

29 ~~[This act]~~ [Section 15-119, Arizona Revised Statutes, as amended by
30 this act.] applies retroactively to from and after January 1, 2025.

31 Enroll and engross to conform

32 Amend title to conform

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